

CASA YBEL BEACH & RACQUET CLUB, PHASES F, G, H
BOARD OF DIRECTORS MEETING
October 12, 2009

The meeting was called to order at 9:00 a.m. by President Brenda Pommerenke in the Thistle Lodge at Casa Ybel Resort, Sanibel Island, Florida. All board members were in attendance: John Demos - Director, Len Elikan - Vice President, Joe Gala - Director, Lynn Perkins - Secretary/Treasurer, Brenda Pommerenke - President, Pat Sweeney - Director and Susan Walter - Director. Attending from Hilton Grand Vacations Company (HGVC) were: Chris Cain - Interval Manager, E. J. Nees - Regional Director, Sanibel/Captiva and Cindy Glasenapp - Administrative Assistant and acting Recording Secretary for this meeting. Also in attendance were Ron Miller - President of the Casa Ybel IJK Board of Directors and Froilan (JR) Ramirez, General Manager of the Resort.

APPROVAL – PREVIOUS MINUTES – *MOTION was made by Lynn Perkins and seconded by Joe Gala to approve the minutes of the board meetings held on April 28, 2009 as presented.* Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

PRESIDENT’S UPDATE – Ms. Pommerenke, Mr. Miller and JR related the issues discussed at the President’s/Management groups’ meeting on Friday.

- The resort is redoing the current website and is open to any input or additions we have. The target date for the revised website to be up and running is summer 2010.
- Regarding the proposal from IPS to monitor Internet usage, as discussed at the last meeting, the consensus of the group was to get more capacity rather than policing what we have. The resort will research adding another T1 line. The cost of the current T1 line is \$350/month for FGH and \$110/month for IJK. It is estimated that the cost would double with a second T1 line. JR will check into options to get the most favorable pricing, and hopefully will have feedback within the next 30 days in order to have the additional capacity in place for season (January).
- Colony Cottages West (CCW) will be replacing their exterior hand rails with the same product FGH and IJK used. They are considering white for both front and back, which would be different from the color scheme installed for FGH and IJK. The colors used, however, will remain the same.
- The parking lot will be re-sealed in 2010 (FGH’s cost is \$1,800; IJK’s cost is \$2,400).
- The State of Florida has mandated changes to the collector/filter tanks requiring the replumbing of the kiddy pool and spa. The estimated cost of the mandated repairs is \$65,000. The main pool is compliant . . . last year the resort updated the heating systems and drains without asking for the associations’ participation. The resort wants to incorporate some enhancements while the necessary repairs are being done, possibly replacing the wooden decks with brick pavers and providing additional shade at the pool area, which has been requested often. They are looking at several shade alternatives, including an awning-type shade as recommended by Ms. Pommerenke (similar to what’s at the Community Center), and hoping the City of Sanibel will allow them to provide additional shade for health considerations. They also want to replace the pool furniture and fixtures and will consider more landscaping around the pool. The original proposal was \$140,000. CCW and the resort would share 50% in hopes that FGH & IJK would share 50%. They will be having an engineer lay out the plans. They have to be compliant with the pool issues by May 2010. They would prefer to do it in January, but may be able to phase in the shade and pool deck

enhancements at the Boards' request. The main pool will be open, but the spa and kiddie pool will be down for about 3 weeks. Mr. Elikan suggested pursuing an extension of the mandated repairs.

- The anticipated expense for the exterior driveway/parking lighting project previously proposed was reduced from \$30,000 to \$10,000 (FGH's share) based on Casa Ybel Hospitality's (CYH's) recommendation to refurbish the existing fixtures.
- The tennis courts will be inspected and resealed during 2010. An estimate as to what the cost may be was not available; JR will follow up for the April meeting. He doesn't think it will be a large expense.
- The resort is experiencing a softer rental business overall, although the two-bedroom rentals remain strong. Marketing efforts for the resort were discussed. JR is part of social networking group called Trip Advisor (critiques of restaurants, hotels, etc.) and responds to all comments. He is also on Face Book for the resort. They have found they get more exposure for the same dollar on the Internet. The resort has been designated as a part of a southwest Florida wedding blog.
- Resort Services Agreement – There are no significant changes from the prior agreement. Increases are based on CPI. The agreement is being looked at by HGVC's legal department for possible inclusion of an indemnification clause.

JR excused himself from the meeting and stated that he would be available if needed.

TELEVISION/DRAPERY PROJECTS – The Board had asked for two refurbishment projects to be researched prior to proceeding. To expedite the projects, bids were sent to board members via email for approval. Results were:

TVs – Approving TV Option 1 (living room - 32" LCD and DVD player on a swivel at a cost of \$700; master bedroom – removing hutch from dresser and place a 32" TV and DVD player at \$700 on the dresser. Total cost \$1,400 per unit or \$78,400.) were Mr. Demos, Mr. Elikan, Mr. Gala, Ms. Pommerenke, Ms. Sweeney and Ms. Walter. Mr. Perkins voted for TV Option 2 (living room – replace armoire with a new credenza and wall mount TV; bedroom – same as Option 1).

Window Treatment – lower unit master and guest bedrooms – A manufacturer for a window shade as recommended by Ms. Pommerenke could not be found. Bayfront Interior Resources submitted a proposal for drapery in the amount of \$21,479.39. Voting in favor of the drapery proposal were Mr. Demos, Mr. Gala, Mr. Perkins, Ms. Sweeney and Ms. Walter. Voting against draperies were Mr. Elikan and Ms. Pommerenke.

MOTION was made by Len Elikan and seconded by Lynn Perkins to accept the vote on the TVs (Option 1) and draperies as the window treatment for the lower unit master bedrooms. Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

Disposition of the old television sets was discussed. ***MOTION was made by Pat Sweeney and seconded by John Demos to donate them charity or to let the employees have them.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

INSURANCE POLICY REVIEW – HGVC’s comparison of the Brown & Brown insurance proposal was reviewed. Mr. Miller summarized the report and noted that we’ve got the best deal for the price. HGVC’s insurance covers code upgrades, landscaping and loss of use insurance, which is not included in the Brown and Brown proposal. We have an umbrella policy with 100% replacement coverage. The values in the Brown and Brown proposal appear to be undervalued.

MANAGEMENT CONTRACT – The existing management contract with HGVC runs through December 31, 2009. HGVC presented a new contract with changes to update the term and the amount of the management fee. The fee for 2010 would be the same as the 2009 fee (CPI at the end of 2008 was zero).

There was discussion on whether the Financial Services Fee should have a zero percent increase, the same as the management fee. The Financial Services fee is listed in the management agreement as “additional charges”, and is not at the same percentage of increase as the management fee.

MOTION was made by Len Elikan and seconded by Joe Gala to approve the management agreement with Hilton Grand Vacations Company as presented. Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

LEGAL OPINION/SMOKING ISSUE – In response to a petition from owners representing 56 unit weeks to prohibit smoking inside and outside the units and at the pool area, a legal opinion was requested from an attorney. The opinion indicated that it was a real gray area. Health and comfort issues were discussed. Mr. Cain indicated there have not been a significant number of complaints. Signs requesting no-smoking are posted in the units along with a notice at check-in. ***MOTION was made by Susan Walter and seconded by Joe Gala to poll the owners to ask if they want us to adopt a No-Smoking Policy. It would only be effective for the FGH property, not the entire property.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

The Poll question for the 2010 annual meeting ballot will be: “Are you in favor of the board pursuing a no smoking policy?”

Ms. Pommerenke will develop an article for the winter newsletter.

ASSOCIATION RECORDS POSTING – To authorize posting of the association’s records and board contact information on the www.hgvc.com/casaybelresort website, ***MOTION was made by Susan Walter and seconded by Joe Gala to approve the Association Records Posting Resolution as revised and attached to these minutes.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

ON-LINE VOTING – HGVC is looking into on-line voting procedures but it won’t be available for the next annual meeting. The Board considers this a mechanism for reducing postage and printing costs and allowing people who prefer it to receive information electronically.

BUDGET MEETING NOTICE – Florida statute 718.112 (2)(e) was reviewed. HGVC’s legal department recommends compliance. In addition to past procedures, this year the preliminary budget and meeting agenda were posted on the websites. Owners were notified in the summer newsletter of the date of the budget meeting and the website address where the preliminary budget was posted.

MOTION was made by Len Elikan and seconded by Lynn Perkins to continue the procedure as in the past and to notice the meeting to all the owners in the summer newsletter or owner mailing during the year along with the website address where the agenda and preliminary budget that the Board will be reviewing will be posted at least 14 days prior to the Board meeting. Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

SPRINKLER SYSTEM RETROFIT UPDATE – Florida statute 718.112 (2)(1) requires condo associations to retrofit their buildings with fire sprinklers or obtain a vote of the owners to forgo retrofitting, prior to December 31, 2014. Timeshare Act 721.24, Fire safety, takes precedence, but has several provisions. Upon reviewing the requirements, Casa Ybel FGH may be required to comply. HGVC is working to get legislation proposed to allow timeshare associations to vote to forego retrofitting as currently allowed for owners of wholly-owned condos, and has asked ARDA to get involved as well. Legislation may also be passed that will extend the date. ***MOTION was made by Len Elikan and seconded by Pat Sweeney to encourage the management company to lobby in favor of giving the right to have a vote to opt out of 721.24.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

REAL ESTATE TAXES – The TRIM (Truth in Millage) notice was reviewed. The assessed value on the TRIM notice is \$22,182,940 for the 2009 taxes (real estate taxes are billed in arrears); down from \$24,885,710 for 2008. The County records all sales, bases the assessed value on actual sales prices, and gives a 50% discount.

ASSESSMENT BILLING RESOLUTION – To reconfirm the Association’s billing policy, ***MOTION was made by Susan Walter and seconded by Joe Gala to adopt the Assessment Billing Resolution (attached to the minutes) as presented. The words “per annum” will be inserted after “10%” in the finance charge section.*** Mr. Elikan thought the terminology “per ownership interest” was confusing and should be eliminated. Mr. Demos voted aye, Mr. Elikan voted no, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried 6 to 1.**

DELINQUENCY REPORT – The report as of October 8, 2009 showed six accounts delinquent for two or more years’ fees, 18 accounts delinquent for the current year’s fees and the Association owned one unit week that is listed for sale with Grand Vacations Realty. Based on the report, an amount of \$10,000 was proposed to be budgeted in the Allowance for Bad Debt line.

2009 CASH FLOW ANALYSIS – Based on a cash flow analysis, there doesn’t appear to be a cash flow problem at the end of the year.

Meeting recessed at 12:25 p.m. and reconvened at 1:35 p.m.

2009 PROJECT UPDATE – Mr. Cain reported that:

- Interior painting has been completed.
- Slip-resistant tile and new screen enclosures have been installed on the upper units' patios (the lower units will be done next year). The waterproof membrane on the patio now extends above the tile along the wall. Some walls need the paint retouched. The cost is uncertain but is expected to be minimal.
- Furniture refinishing was done as needed.
- The new TVs and DVD players for the living rooms and master bedrooms and the lower units master and guest bedroom draperies are expected to come by the end of October/beginning of November. The top of the armoire in the master bedrooms was removed to allow room for the new TVs/DVD players. Placement of the silk plant in those units was discussed.
- A dozen hair dryers are now available for check-out upon request based on needs in the guest baths.
- A proposal which requires permitting from the City of Sanibel to remove Australian pines and trim the sea grape bushes that have reduced some views came in at \$8,100 (\$5,700 for pine trees, \$2,400 for sea grapes). No action was taken at this time.

During the interior painting project, some additional expenses were incurred to fix some doors that were delaminated on the bottom and to repair some walls and ceilings. The total cost of the repairs was \$5,947.61. **MOTION was made by Len Elikan and seconded by Susan Walter to approve payment of \$5,947.61 for additional interior project expenses.** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

2010 BUDGET AND RESERVES – The proposed budget sent and posted on the websites at least 14 days prior to the meeting was reviewed, along with justifications for the amounts budgeted.

Prior years' surplus was \$46,323. A surplus of \$19,567 is projected at year-end 2009. Part of the anticipated cash surplus will be used for FGH's share of the Resort's pool area repairs/refurbishment (currently estimated at \$53,226.84 or \$18.64/unit week).

Line items discussed in depth:

- Week 53 Revenue – week 53 occurs in 2010; owners of week 52 own this week and will be billed \$110 for housekeeping, laundry and guest supplies to offset increased expense in those line items.
- Interest – Mr. Elikan suggested looking into a 1% money market account. Raul Nieves, HGVC's Sr. Manager of HOA Accounting, was contacted by phone to discuss budgeting interest. Mr. Nieves indicated that Comerica has been doing a good job of getting interest for the Association. The budget was adjusted to include \$1,000 in interest for 2010.
- Credit card fees – The merchant fee for Master Card/Visa is 1.84% - 2.4%, American Express is 2.9%, and the fee for Discover is 1.6% plus transaction fees. **MOTION was made by Pat Sweeney and seconded by Joe Gala to drop American Express if we can.** Mr. Demos voted no, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted no, Ms. Pommerenke voted aye, Ms. Sweeney voted aye, and Ms. Walter voted no. **Motion carried 4 to 3.**

- Professional fees, Accounting – The amount budgeted is based on the assumption of a new contract being signed with Myers, Brettholtz & Company. A new contract will be presented at the spring meeting.
- Supplies – This line includes 24/7 Internet technical support, which is a new feature for owners/guests having problems with their personal computers.
- Guest supplies – The budget anticipates 90% turnover. The amenities package that was done on a trial basis has received favorable comments; the cost is less than \$1/unit week.
- Utilities – The electric company changed their rate structure. Common area electrical usage has increased due to the new exterior lighting enhancements. Ms. Pommerenke recommended adherence to the cleaning contract that the thermostat be set at a certain level and the drapes shut to save energy. Mr. Cain thinks the view of the Gulf should not be obstructed when people check in. After discussion, consensus was to leave the drapes open but to make sure the thermostat is set to a certain temperature. A note can be put in the check-in packet to make people more cognizant of saving energy. ***MOTION was made by Len Elikan and seconded by Pat Sweeney to find out if the utility company will perform a free energy audit and provide recommendations for reducing energy consumption.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

When we have the recommendations, we can use it as an objective basis for newsletter articles and other communications.

Mr. Cain suggested putting a coating on the flat roofs to reduce heat in the units.

The amount budgeted for water was reduced based on consumption. There is a potential 18% increase in recycled water cost.

- Building repairs and maintenance – The additional expense in 2009 was due to a repair bill for a major underground water leak.
- Board Authorized Projects – The amount budgeted includes \$4,200 for the potential cost of adding a second T-1 line to increase Internet bandwidth.

Interior Reserves – Estimated remaining lives and replacement costs were reviewed. Changes made included: replacement of appliances was changed to 2012, replacement of TVs was changed to coincide with the major refurbishment project in 2014; drapes were added for the lower units' bedrooms; tile floors were added for the patios. After all adjustments were made, projects scheduled for 2010 include replacing the carpet, living room sofa and cornice, reupholstering the lounge chairs and dining room chairs, artwork and accessories; replacing master and guest bedroom box springs and mattresses, bedspreads and cornices, reupholstering the master and guest bedroom lounge chair; replacing patio ceiling fans as needed, tile and screen enclosures on the lower units' porches, and water heaters.

There will be presentations during the spring meeting from three designers for interior refurbishment. There was discussion on the possibility of replacing the carpet in the living room

area with tile. Suggestions were made for lighter, brighter materials and possibly, more modern-type furniture in the future.

Roof Reserve – Replacement is anticipated in 2020.

Paving Reserve – Seal coating was budgeted at \$2,000 for 2010 and every two years.

Painting Reserve – Interior painting is scheduled for 2013; exterior painting for 2014.

Capital Improvements Reserves – The rusty washer/dryer lids were replaced. Replacement of the washers and dryers was moved up to 2011.

Replacement of the parking-side stair supports and landings is anticipated in 2011. An amount of \$250,000 was budgeted, based on a proposal using a composite material. It will be a logistically challenging and noisy project. Mr. Cain will be getting proposals next year.

To allow sufficient funds to do the projects as scheduled, ***MOTION was made by Len Elikan and seconded by Lynn Perkins to transfer \$119,000 from Interior Reserve, \$6,000 from Roof Reserve and \$4,000 from the Paving Reserve and transfer the \$129,000 into the Capital Improvements Reserve.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

After all items were reviewed and adjusted, the maintenance fee was set at \$712 per unit week. Reserve funding was less than statutorily required, but provides sufficient funding to do the scheduled replacements based on a 15-year cash flow projection.

MOTION was made by Lynn Perkins and seconded by Joe Gala to approve the 2010 budget with individual annual maintenance fees of \$712.00 per unit week (\$560.36 Operating Fee, \$137.05 Capital Reserves, which is less than statutorily required, and \$14.59 Painting Reserves), to approve total operating expenditures for 2010 of \$1,659,880, to approve waiving statutory funding of reserves and recommend that the owners vote to waive statutory funding of reserves at the annual meeting, to approve an additional charge of \$110 to each week 52 unit for use of additional days in 2010, commonly called “Week 53”, and further, to approve and instruct the Manager to facilitate the mailing of the 2010 annual maintenance fees to the members of the Association. Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

ARDA ROC (American Resort Development Association – Resort Owners Coalition) – A resolution to allow HGVC to place a request for a voluntary \$3 contribution to ARDA-ROC on the billing statement this year and in future years until amended or repealed by action of the Board or the request for the contribution is modified or discontinued by ARDA was reviewed. The voluntary contribution would be included in the total amount due on the billing statement and a note would be made in the letter to subtract the \$3 from the total amount if the owner does not wish to support ARDA-ROC. Mr. Gala objected to the placement of the \$3 contribution on the bill above the total amount, even though it’s listed as voluntary. ***MOTION was made by Susan Walter and seconded by John Demos to approve the ARDA Resolution presented with the caveat that the letter sent to the owners with the budget advise that the ARDA contribution is voluntary.*** Mr. Demos voted aye, Mr. Elikan voted aye, Mr. Gala voted no, Mr. Perkins voted

aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried 6 to 1.**

RESORT SERVICES AGREEMENT – HGVC’s legal department is looking at adding an indemnification clause. **MOTION was made by Len Elikan and seconded by John Demos to allow the President to sign the Resort Services Agreement on behalf of the Association when she’s satisfied with the language.** Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

CABLING ISSUES – It appears that the cable isn’t operable in all the guest rooms. An owner who had brought a TV with them to use in the guest bedroom was unable to receive a signal. Mr. Cain will get with the maintenance supervisor and will have the cable outlets tested and get back to the Board.

CORRESPONDENCE

- A letter from Carl Appelberg offering to sell the casaybel.com domain with a proposed \$45,072/\$12 per unit week per year cost was discussed. It’s not economical, and the Associations’ official website, casaybelresort.com, offers an abundance of association and board contact information. Because rentals are listed on Mr. Appelberg’s site, we would be in violation of our non-compete clause in the Resort Services Agreement. After discussion, **MOTION was made by John Demos and seconded by Susan Walter to turn Mr. Appelberg’s proposal down.** Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.** Mr. Perkins will respond.
- A letter from an owner regarding an inability to pay fees on time was reviewed along with the issues relating to her pre-arrival letter. It is unfortunate that she received confusing information but she will have to pay the attorney fees in addition to the past due fees in order to occupy the unit. HGVC will revise the pre-arrival letter to eliminate confusion in the future. Ms. Pommerenke will respond to the owner.
- Numbered parking spaces – Carl Appelberg verbally asked Ms. Pommerenke to propose to the board that the parking spaces be numbered to correspond to the unit numbers. This was discussed, but no action was taken. Mr. Perkins will respond.

NEXT MEETING DATE – The spring board meeting and the 2010 Annual Meeting had previously been scheduled for Monday, April 19, 2010. The fall budget meeting was scheduled for Tuesday, October 19, 2010 (IJK’s meeting will be Monday, October 18th).

There being no further business, **MOTION was made by Joe Gala and seconded by John Demos to adjourn.** Mr. Elikan voted aye, Mr. Gala voted aye, Mr. Perkins voted aye, Ms. Pommerenke voted aye, Ms. Sweeney voted aye and Ms. Walter voted aye. **Motion carried unanimously.**

Meeting adjourned at 5:30 p.m.